

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
SIL-01 OMB-01 ABF-01 PA-01 ICA-11 SS-15 NSC-05
/088 W

-----002139 140157Z /73

R 131940Z APR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6001
INFO ALL EC CAPITALS
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LIMITED OFFICIAL USE SECTION 01 OF 02 BRUSSELS 07217

USEEC

USBERLIN FOR SEC KREPS' PARTY

E.O. 11652: N/A
TAGS: EP, PERP, EFIN
SUBJ: EC COMMISSION PRESIDENT COMMENTS FURTHER ON EFFORTS
TOWARD MONETARY COORDINATION IN SPEECH TO EUROPEAN
PARLIAMENT

REF: (A) BRUSSELS 6791 (B) BRUSSELS 7124
(C) COPENHAGEN 2400

1. SUMMARY: EUROPEAN PARLIAMENT (EP) DEVOTED MORNING OF
APRIL 12 TO DISCUSSION OF REPORTS BY EC COUNCIL PRESIDENT,
DANISH FONMIN ANDERSEN, AND EC COMMISSION PRESIDENT
JENKINS ON RESULTS OF THE APRIL 7-8 EUROPEAN COUNCIL
MEETING IN COPENHAGEN. JENKINS' SPEECH ELABORATED ON
DIRECTIONS IN WHICH THE EC-NINE MAY BE MOVING IN THE
MONETARY FIELD. EP REACTION TO OUTCOME OF EUROPEAN
COUNCIL SESSION WAS TENTATIVE OPTIMISM TINGED WITH
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SKEPTICISM. END SUMMARY.

2. WHILE ANDERSEN'S AND JENKINS' STATEMENTS TO PARLIA-
MENT WERE LARGELY STRAIGHTFORWARD ACCOUNTS OF COPENHAGEN
PROCEEDINGS ALONG LINES MADE PUBLIC AT EUROPEAN COUNCIL'S
CONCLUSION (REF C), JENKINS' STATEMENT DID ADD marginally
TO WHAT HE HAD SAID IN COPENHAGEN REGARDING THE

DIRECTIONS IN WHICH EC MEMBER STATES MAY BE MOVING IN THE MONETARY SPHERE. JENKINS SAID THE FOLLOWING TO THE EP:

QUOTE: I NOW COME TO THE POINT TO WHICH, AS YOU KNOW, I ATTACH PARTICULAR IMPORTANCE. I REFER TO THE DISORDER OF THE INTERNATIONAL MONETARY SYSTEM AND THE NEED FOR WHAT I THINK PRESIDENT GISCARD D'ESTAING HAS DESCRIBED AS A ZONE OF MONETARY STABILITY IN EUROPE.... I THOUGHT THAT OUR DISCUSSION OF THESE AND RELATED ISSUES AT COPENHAGEN WAS PARTICULARLY FRUITFUL AND INTERESTING. WE WANT BETWEEN NOW AND THE NEXT EUROPEAN COUNCIL AT BREMEN TO PURSUE THIS VIGOROUSLY, AND WORK OUT NEW DIMENSIONS OF COMMUNITY ACTIVITY IN THE LONGER TERM PERSPECTIVE OF ECONOMIC AND MONETARY UNION. IN MY VIEW WE SHOULD BEGIN BY SEEKING GREATER EXCHANGE RATE STABILITY BETWEEN THE CURRENCIES OF MEMBER STATES OF THE COMMUNITY AND THUS A STRONGER BASIS ON WHICH TO DEAL MORE EFFECTIVELY IN EXCHANGE RATE POLICY WITH THIRD COUNTRIES. FOR THIS PURPOSE IT WOULD IN THE JUDGEMENT OF THE COMMISSION BE NECESSARY TO EXTEND THE COMMUNITY EXCHANGE RATE SYSTEM BEYOND THE SNAKE, GIVE A NEW DIMENSION TO THE USE OF THE EUROPEAN UNIT OF ACCOUNT, AND INCREASE THE FUNCTIONS AND RESOURCES OF THE EUROPEAN MONETARY COOPERATION FUND.

WE HAVE RELATIVELY LITTLE TIME IN WHICH TO WORK IF THE LIMITED OFFICIAL USE

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BREMEN EUROPEAN COUNCIL IS TO ARRIVE AT ANY CONCLUSIONS ON THESE MAJOR QUESTIONS. IT WILL OF COURSE BE FOLLOWED QUICKLY BY THE WESTERN ECONOMIC SUMMIT IN BONN ON 16 AND 17 JULY. I HOPE IT WILL BE POSSIBLE FOR THE COMMUNITY TO WORK OUT A COMMON POSITION AND MAKE A STRONG CONTRIBUTION TO THE WORK OF THAT MEETING. IT WILL DEAL WITH THE INTER-RELATING PROBLEMS COMMON TO ALL INDUSTRIAL COUNTRIES AND WILL, AS I HOPE, LEAD TO A MORE CONCERTED WAY OF DEALING WITH THEM. IN THIS THE COMMUNITY HAS A MAJOR PART TO PLAY. IT CAN ONLY PLAY IT EFFECTIVELY IF ITS MEMBERS ACT TOGETHER. END QUOTE.

3. MEMBERS OF ALL THE EP'S POLITICAL GROUPS WERE CAUTIOUS IN ASSESSING THE WORK OF THE EUROPEAN COUNCIL IN COPENHAGEN. WHILE STRONGLY WELCOMING THE FIXING OF A DATE FOR EP DIRECT ELECTIONS, WHICH MANY SAID WAS "LONG OVERDUE", AND SUPPORTING THE STEPS TOWARD ESTABLISHING THE EUROPEAN FOUNDATION AND THE STRONG POSITION ADOPTED BY THE COUNCIL ON TERRORISM, THE PARLIAMENTARIANS NEVERTHELESS WERE GENERALLY SKEPTICAL ABOUT THE RESULTS ACHIEVED IN THE ECONOMIC AND MONETARY SPHERES. FOR THE MOST PART, PARLIAMENTARIANS OF ALL POLITICAL PERSUASIONS

FELT THAT THE COUNCIL IS STILL CONCENTRATING ON HIGH-SOUNDING WORDS NOT FOLLOWED UP BY ACTION. "DIAGNOSIS WITHOUT PRESCRIBING AN EFFECTIVE REMEDY" WAS THE THEME ADOPTED BY THE MPS IN THEIR OBSERVATIONS, AS THEY URGED THE COUNCIL TO TAKE EFFECTIVE STEPS ON AN URGENT BASIS TO COMBAT THE ECONOMIC ILLS OF THE COMMUNITY.

4. IN RESPONSE TO THE GENERAL SKEPTICISM EVINced BY THE EP ON THE LACK OF PROGRESS IN OVERCOMING THE ECONOMIC ILLS OF THE COMMUNITY (E.G., UNEMPLOYMENT, INFLATION, LOW ECONOMIC GROWTH RATES), ANDERSEN SAID THAT THE COUNCIL HAD LAID THE BASIS FOR ATTACKING THESE PROBLEMS MORE EFFECTIVELY IN FUTURE BY FIRST DEFINING THEM. WHILE ACKNOWLEDGING THAT A CERTAIN AMOUNT OF PARLIAMENTARY LIMITED OFFICIAL USE

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SKEPTICISM IS HEALTHY, JENKINS SAID HE HIMSELF IS SOMEWHAT

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SIL-01 OMB-01 ABF-01 PA-01 ICA-11 SS-15 NSC-05

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-----002130 140157Z /73

R 131940Z APR 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 6002

INFO ALL EC CAPITALS

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MORE OPTIMISTIC THAN THE PARLIAMENT, SINCE HE THINKS THE

COPENHAGEN MEETING LAID THE INTELLECTUAL GROUNDWORK FOR
PROGRESS IN THE ECONOMIC AND MONETARY FIELDS IN THE MONTHS
JUST AHEAD. HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL LEGISLATURE, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE07217
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780160-0063
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780462/aaaacaoo.tel
Line Count: 173
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3afc39b1-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 6791, 78 BRUSSELS 7124, 78 COPENHAGEN 2400
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2985272
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION PRESIDENT COMMENTS FURTHER ON EFFORTS TOWARD MONETARY COORDINATION IN SPEECH TO EUROPEAN PARLIAMENT
TAGS: PEPR, EFIN, EP, (JENKINS, ROY)
To: STATE
Type: TE
vdkgvwkey: odbcc://SAS/SAS.dbo.SAS_Docs/3afc39b1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014